

SUBCOMMITTEE NO. 1 on Education



Subcommittee No. 1

Chair, Jack Scott

Member, Bob Margett

Member, Joe Simitian

Tuesday, May 8, 2006

1:30 pm

Room 113, State Capitol

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ISSUE 3. State Special Schools – Support and Capital Outlay (6110-001-0001, 6110-005-0001, 6110-006-0001 & 6110-301-0660)

DESCRIPTION: The Governor's January 10 budget and DOF April Letter proposes new funding for staff, utility costs and unemployment insurance at the State Special Schools in 2007-08. In addition, the Governor's January 10 budget proposes funding augmentations for three capital outlay projects at the School for the Deaf in Riverside. The DOF May Letter requests a reappropriation of prior year funding for two of these capital outlay projects due to project delays.

BACKGROUND: The State Special Schools include the California Schools for the Deaf in Fremont and Riverside and the California School for the Blind in Fremont. Students attending State Special Schools are served in residential or day programs. The two Schools for the Deaf provide instructional programs to more than 1,000 deaf students and the California School for the Blind provides instructional programs for approximately 130 blind, visually-impaired, and deaf-blind students.

The Governor's budget proposes a total funding level of approximately **\$98 million** for the state's three special schools. These schools are administered by the California Department of Education.

Governor's Budget – State Operations. The Governor's January 10 budget and DOF April Budget Letter contain the following augmentations for staff and services at the State Special Schools:

1. **Physical Education Teacher - California School for the Blind (Freemont).** The Governor's January budget proposes a \$88,000 General Fund augmentation and one position for an adaptive physical education teacher at this school.
2. **Utility Costs - California School for the Deaf (Riverside).** The Governor's January budget proposes a General Fund augmentation of \$420,000 to cover utility costs at this school. The DOF April Budget Letter proposes to correct a technical error in the January 10 budget, whereby \$420,000 was inadvertently placed in the wrong item for increased utility costs for the California School for the Deaf at Riverside. DOF accordingly proposes that \$420,000 be shifted from item 6110-001-0001 to item 6110-005-0001, and that the language "Of the funds appropriated in this item, \$420,000 is for funding increased utility costs at the California School for the Deaf, Riverside," be moved from item 6110-001-0001 to 6110-005-0001. **(April Letter Issue 953)**
3. **Unemployment Insurance Costs (All Three State Schools).** The DOF April Budget Letter requests an increase of \$275,000 to cover increased Unemployment Insurance costs related to increased claims and contract costs for the State Special Schools. DOF states that these increased benefits and claims result primarily

from seasonal (school year) staffing issues. (**April Letter Issue 955**)

Governor's Budget - Capital Outlay. The Governor's January 10 budget includes the following augmentations for capital outlay projects at the **California School for the Deaf in Riverside**. All projects will be funded with lease-revenue bonds and subject to the Field Act.

4. **Multi-Purpose/Activity Center.** Proposes **\$2,342,000** for design, construction and equipment for a 16,775 square foot multi-purpose activity room. The lowest responsive bid received for the project last year was 20 percent above project funding; the proposed increase will pay for the overage. The facility will be used for elementary and middle school activities during the day and for recreational activities for dormitory students.
5. **Career Technical Education Complex.** Proposes **\$3,845,000** for design and construction of a career technical education complex. The project will provide for the demolition of the existing 52-year-old vocational education building and construction of a replacement complex that will include a classroom/administrative building, a shop building, a greenhouse, a service yard and parking lot.
6. **Various Projects – Classrooms, Bus Loop and Building Renovations.** Proposes **\$10,383,000** for preliminary plans, design, construction and equipment of six support cores for academic areas, three additional classrooms and the construction of a new early childhood education bus loop. The project also includes renovations of some older buildings and installation of new hot water boilers.

DOF May Letter – Capital Outlay Reappropriations. The May DOF Letter proposes that Item 6110-490 be added to reappropriate prior year funds for the Multi-Purpose/Activity Center and the Career Technical Education Complex at the School for the Deaf in Riverside.

7. **Multi-Purpose Activity Center.** Reappropriates ~~\$5,003,000~~ **\$6,306,000** for construction and equipment. The project has been delayed due to a lack of construction funding after the project was bid on March 23, 2006. The lowest responsive bid was 19.8 percent above approved construction funding. The reappropriation request will allow the existing funds to remain intact until a supplemental appropriation of \$2.3 million is approved for 2007-08.
8. **Career Technical Education Complex.** Reappropriates ~~\$927,000~~ **\$15,604,000** for working drawings, construction and equipment. The project has been delayed due to unforeseen delays during the California Environmental Quality Act (CEQA) review. The CEQA soil testing detected volatile organic compound called pinene. The pinene issue has been resolved but the CEQA delays will require that the existing funds for the working drawings, construction and

equipment will need to be reappropriated in order to meet the revised project schedule.

COMMENTS/RECOMMENDATION: *Staff recommends* approval of the Governor's state operations and capital outlay proposals for the State Special Schools listed in items 1-8 above.

OUTCOME: Approved staff recommendation with revisions to items 7 and 8 as recommended by DOF. (Vote: 2-0)

ISSUE 6: April Finance Letters – State Operations – Federal Funds Adjustments

DESCRIPTION: The DOF April budget letters propose various changes to federal funded state operations budget items for the Department of Education.

BACKGROUND: The April DOF Letters proposes the following adjustments to the January 10 budget for Department of Education state operations. All of these issues involve federal funds adjustments for state operations.

- 1. 6110-001-0890, State Operations, Education Technology Administration (Issue 002).** It is requested that this item be increased by \$220,000 in federal funds to continue **2.0 limited-term positions** for an additional two years. The positions would continue to address baseline workload under the federal Enhancing Education Through Technology program requirements. These positions were removed from the Governor's January budget 2007-08, as it was unknown if the federal government would be continuing the program. The federal government did ultimately continue the program, albeit at a slightly reduced level (see related April Letter Issue #051), yet base workload requirements will remain essentially unchanged.
- 2. 6110-001-0890, State Operations, Education Technology Administration (Issue 050).** It is requested that language in this item be amended to reallocate budgeted federal funds for administration. Specifically, the proposed change would reduce contracted technical support and evaluation services from \$686,000 to \$150,000 (\$536,000). This adjustment would align the contract allocation with the level needed according to the SDE, thereby allowing it to use the funds instead for addressing other workload such as complying with federal Enhancing Education Through Technology and E-Rate program requirements.

It is requested that Provision 8 be amended as follows:

"8. Of the funds appropriated in this item, \$1,427,000 shall be used for administration of the Enhancing Education Through Technology Grant Program. Of this amount:
a. ~~\$686,000~~ \$150,000 is available only for contracted technical support and evaluation services."

- 3. 6110-001-0890, State Operations, Mathematics and Science Partnership Program (Issue 088).** It is requested that this item be increased by **\$367,000** in federal funds for **1.5 positions** to support increased workload and to expand the external evaluator contract. This program provides competitive grant awards to partnerships of low-performing schools and institutes of higher education to provide staff development and curriculum support for mathematics and science teachers.

It is further requested that the following provisional language be added to conform to

this action:

X. Of the funds appropriated in this item, \$167,000 and 1.5 positions are provided to support increased workload for the Mathematics and Science Partnership Program. Additionally, \$200,000 is provided to expand the external evaluator contract.

4. 6110-001-0890, State Operations, Migrant Education Program Oversight (Issue 651). It is requested that this item be increased by \$800,000 to reflect the availability of \$800,000 federal Title I one-time carryover funds from 2006-07. The funds will be used to develop various SDE operational plans to provide appropriate educational services to migrant students and to ensure the SDE's compliance with federal Migrant Education Program requirements.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated, \$800,000 is provided in one-time carryover funds to develop evaluation, improvement, and service delivery plans to meet federal Migrant Education program requirements. The completed plans shall be incorporated into the Single Plan for Pupil Achievement pursuant to Education Code Section 64001.

5. 6110-001-0890, State Operations, Free and Reduced-Price Meal Direct Certification Grant (Issue 785). It is requested that this item be increased by \$172,000 to reflect the availability of one-time carryover funds for a federal grant. The grant supports efforts to directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the amount appropriated in this item, \$172,000 is available from one-time carryover funds to support efforts that directly certify eligible pupils from public benefit programs for free and reduced-price school meal programs.

6. 6110-001-0890, State Operations, School Wellness Grant (Issue 786). It is requested that this item be increased by \$50,000 to reflect the availability of a one-time carryover funds from the School Wellness Grant, which supports training and technical assistance for local educational agencies implementing local wellness policies.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the amount appropriated in this item, \$50,000 is available from one-time federal funds for providing training and technical assistance to local educational agencies implementing local wellness policies.

7. **6110-001-0890, State Operations, Evaluation of No Child Left Behind Assessment Requirements (Issue 841).** It is requested that this item be reduced by \$2.0 million to reflect the removal of one-time funds for an evaluation of whether California has met the assessment requirements of the federal No Child Left Behind Act of 2001. The evaluation has been completed, and it is no longer necessary to include funding in the annual Budget Act. Provisional language for this evaluation was removed from the Governor's Budget; however, the funding was not removed.
8. **I6110-001-0890, State Operations, Technical Adjustment for Federal Special Education Funds (Issue 952).** It is requested that \$127,000 in federal funds, originally budgeted in Provision 46 of Item 6110-001-0890, Budget Act of 2006, for education monitoring and technical assistance in correctional facilities, be restored. The federal funds were inadvertently eliminated as a one-time cost. Although the monitoring in correctional facilities workload has sunset (Education Code Section 56867 (h)), the SDE advises that the federal funds should remain as a part of the base for administration (in other words, the federal grant for administration continues to provide California with the funds).

RECOMMENDATION:

The Department of Finance and Department of Education recommend that the Subcommittee adopt the following revised language for the federal Migrant Education program in item 4 above:

- X. Of the funds appropriated, \$800,000 is provided in one-time carryover funds to complete the comprehensive needs assessment, develop the SEA's service delivery plan and develop a process and contract for program evaluation to meet federal Migrant Education program requirements. The State plan pursuant to Title I Code of Federal Regulations 200.83-200.84, shall include a summary of the comprehensive needs assessment, the service delivery plan and the evaluation design.

Staff recommends approval of April DOF Finance Letter items 1-8, with the revised language for the Migrant Education program recommended by DOF and CDE. All of these proposed items reflect federal funds adjustments for state operations administered by the Department of Education.

OUTCOME: Approved staff recommendation. (Vote: 2-0)

ISSUE 7: April Finance Letters - Various State Operations and Local Assistance Items

DESCRIPTION: The DOF April Budget Letters propose adjustments to various state operations and local assistance budget items for the Department of Education.

BACKGROUND: The April DOF Letters propose the following adjustments to the January 10 budget:

1. 6110-001-0001, State Operations, Child Nutrition Standards (Issue 787). It is requested that this item be increased \$200,000 reimbursements for efforts to establish an approved listing of beverages that can be served on school campuses and that comply with Chapter 237, Statutes of 2005.

It is further requested that Provision 21 be amended as follows:

"21. Of the reimbursement funds appropriated in this item, ~~\$200,000~~ \$400,000 shall be available to the SDE to contract for assistance in developing an approved listing of food and beverage items that ~~complies~~ comply with the nutrition standards of Chapter 235 of the Statutes of 2005 and Chapter 237 of the Statutes of 2005. In order to fund the development and maintenance of the approved product listing, the SDE shall collect a fee, as it deems appropriate, from vendors seeking to have their product reviewed for potential placement on the approved product listing. Reimbursements collected in 2007-08 may be used to offset costs incurred in 2006-07."

2. 6110-491 and 6110-001-3085, State Operations, Mental Health Services Act, Proposition 63, Reappropriation (Issue 951). It is requested that \$289,000 in funds (income tax for Mental Health Services) appropriated in Schedule (1) of Item 6110-491, Budget Act of 2006 be reappropriated for 2007-08. These funds were appropriated to allow the SDE to contract for training school business officials pursuant to the Mental Health Services Act. Due to contract bid issues (non-qualified bids and appeals), the funds will not be spent until March 2008 according to the SDE.

It is requested that the following language be added:

6110-491—Reappropriation, Department of Education. Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes and subject to the limitations, unless otherwise specified, in those appropriations, and shall be available for encumbrance or expenditure until June 30, 2008:

(1) Schedule (1) of Item 6110-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006). Of the funds appropriated in this item, \$289,000 is made available for the 2007-08 fiscal year, for the purpose of fulfilling contracting services with local education agencies pursuant to the Mental Health Services Act (Proposition 63).

3. 6110-001-0890, State Operations, Department of Education, Technical Adjustment for Model Charter Schools Program (Issue 981). It is requested that this item be reduced by \$1,409,000 to eliminate a pending budget revision that was inadvertently included in the Governor's Budget for the federal Model Charter Schools program. The funding for this program was not received, and this technical adjustment is necessary to correct the error.

4. 6110-113-0001, Local Assistance, California's Pupil Testing Program, California High School Proficiency Exam Reimbursements. (Issue 832). It is requested that Schedules (5) and (6) of this item be amended to reflect an increase in reimbursement authority of \$74,000 for the California High School Proficiency Exam (CHSPE). These funds will be used to pay a contractor for the administration of the CHSPE.

5. 6110-113-0001, Local Assistance, California's Pupil Testing Program, California High School Proficiency Exam Provisional Language (Issue 833). It is also requested that Provisions 1 and 4 of this item be amended as follows to clarify and conform to the Education Code. Specifically, it is requested that a CHSPE statutory reference be added to Provision 1. As in past Budget Act items, this item will appropriate funds for the administration of the CHSPE and a statutory reference will eliminate ambiguity as to the appropriate use of these funds. Also, it is requested that the term "annually" be struck from Provision 4. This term is unnecessary because the common practice of the State Board of Education is to adjust the California High School Exit Exam apportionment funding on an as-needed basis.

"1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 3 (Section 48412), Chapter 5 (commencing with Section 60600), Chapter 6 (commencing with Section 60800), Chapter 7 (commencing with Section 60810), and Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code."

"4. The funds appropriated in Schedule (4) include funds for approved contract costs and apportionment costs for the administration of the California High School Exit Examination (CAHSEE) pursuant to Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code. The State Board of Education shall ~~annually~~ establish the amount of funding to be apportioned to school districts for the CAHSEE. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance."

6. 6110-136-0890, Local Assistance, Title I School Improvement Program (Issue 844). It is requested that trailer bill language be adopted to increase the amount of funding that may be expended from Schedule (3) on school assistance and intervention teams (SAIT). Prior to enactment of the 2006-07 Budget, the SDE estimated the necessary funding for SAIT teams. However, after the Budget was enacted, the SDE determined that the actual costs of SAIT teams would be higher than anticipated. This action will not result in an increase to the current year appropriation. Rather, existing funds will be reallocated from general purpose School Improvement Program activities to SAIT activities. SAIT teams are assigned to schools that have failed to make significant

academic progress under the High Priority Schools Grant Program.

It is further requested that Provision 3 be amended as follows:

"3. Of the funds appropriated in Schedule (3), up to ~~\$1,600,000~~ \$2,000,000 shall be made available to support school assistance and intervention teams that enter into a contract with a school pursuant to subdivision (a) of Section 52055.51 of the Education Code. These funds shall be allocated in the amount of \$75,000 for each school assistance and intervention team assigned to an elementary or middle school and \$100,000 for each team assigned to a high school. The State Department of Education and Department of Finance may approve applications with justification for a total funding level of \$125,000."

RECOMMENDATION: *Staff recommends* approval of April DOF Finance Letter items 1-6, as listed above. These proposed items reflect state operations and local assistance adjustments that are technical in nature.

OUTCOME: Approved staff recommendation. (Vote: 2-0)

Issue 10: Proposed Consent.

OUTCOME: Approved Consent List. (Vote: 2-0)

6440-301-6048. Capital Outlay, University of California. Add funding, per *April Finance Letter* to account for increased construction costs of Merced Campus Social Sciences and Management Building. \$5,700,000.

6440-491. Reappropriation, Capital Outlay, University of California. Add item with language per *April Finance Letter* to reappropriate funds for the Santa Barbara campus Arts Building Seismic Correction and Phelps Hall Renovation projects; the Riverside Campus Genomics Building; and the Merced campus Science and Engineering Building.

- 6440-492. Capital Outlay, University of California. Period of Liquidation Authority. Add item with language per *April Finance Letter* to extend the period of time that funds are available for the Merced campus Science and Engineering building and Library and Information Technology Center.
- 6440-495. Reversion, Capital Outlay, University of California. Add item with language per *April Finance Letter* to revert unencumbered funds from Riverside campus Environmental Health and Safety Expansion project.
- 6610-491. Reappropriation, California State University. Add item with language per *April Finance Letter* to reappropriate funds for the California Maritime Academy's Land Acquisition; and the Humboldt campus Forbes Physical Education Complex and Mai Kai Land Acquisition.
- 6610-493. Capital Outlay, California State University. Period of Liquidation Authority. Add item with language per *April Finance Letter* to extend the period of time that funds are available for the Bakersfield Campus Telecommunication Infrastructure project; the Sacramento campus Infrastructure Upgrade Project; and the San Bernardino campus Science Building Renovation project.
- 6870-111-0001. Local Assistance, California Community Colleges. CalWORKS Services, Foster Parent Training, Vocational Education, and Telecommunications/Technology. Increase reimbursements per *April Finance Letter*.
- 6870-301-6041. Capital Outlay, California Community Colleges. Amend item per *April Finance Letter* to remove funding for Contra Costa College Art Building Seismic Retrofit Project.
- 6870-301-6049. Capital Outlay, California Community Colleges. Amend item per *April Finance Letter* to remove funding for Contra Costa College Physical/Biological Sciences Building project.
- 6870-490. Reappropriation, Capital Outlay, California Community Colleges. Add item, per *April Finance Letter* to reappropriate funds for 15 projects on a variety of community colleges campuses.
- 6870-491. Capital Outlay, California Community Colleges. Period of Liquidation Authority. Add item with language per *April Finance Letter* to extend the period of time that funds are available for the Long Beach City College Technology Building Replacement Project.

